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SUBJECT: HONG KONG NEWSPAPERS REPORT POSSIBLE LEADERSHIP
CHANGE AT BEIJING LIAISON OFFICE

CLASSIFIED BY: ACTING E/P CHIEF JEFF ZAISER; REASONS 1.4 (B, D)

¶1. (SBU) ON AUGUST 2, THE "ORIENTAL DAILY" AND ITS SISTER PUBLICATION "THE SUN" REPORTED THAT GAO SIREN, DIRECTOR OF THE CENTRAL GOVERNMENT LIAISON OFFICE (CGLO) IN HONG KONG, WOULD RETIRE BY THE END OF YEAR. GAO, 62, BEGAN WORKING AT THE CGLO IN JANUARY 2000 AS ONE OF EIGHT DEPUTY DIRECTORS, THEN WAS PROMOTED TO DIRECTOR IN AUGUST 2002. THE "ORIENTAL DAILY" SPECULATED THAT GAO WOULD BE REPLACED BY CAI DONGSHI, DEPUTY PARTY SECRETARY OF GUANGDONG PROVINCE. ACCORDING TO THE PAPER, CAI HAS WORKED IN GUANGDONG SINCE 1987, INCLUDING STINTS AS SECRETARY GENERAL OF THE PROVINCIAL PARTY COMMITTEE AND HEAD OF THE PROVINCE'S PROPAGANDA DEPARTMENT.

¶2. (C) THIS LATEST SPECULATION NAMING CAI AS A CONTENDER FOR THE CGLO POSITION RUNS COUNTER TO PREVIOUS RUMORS THAT EITHER CGLO DEPUTY DIRECTOR PENG QINGHUA OR DEPUTY DIRECTOR LI GANG WOULD BE PROMOTED TO DIRECTOR. (NOTE: BOTH OFFICIALS ARE BELIEVED TO HAVE EXCELLENT PARTY CREDENTIALS. PENG PREVIOUSLY WORKED AS SECRETARY TO SONG PING, WHO WAS CONSIDERED A MENTOR TO PRESIDENT HU JINTAO AND PREMIER WEN JIABAO. AND LI WORKED AT THE FOREIGN AFFAIRS OFFICE OF THE COMMUNIST YOUTH LEAGUE (CYL), PERHAPS OVERLAPPING WITH HU AT SOME POINT WHEN HE WAS CYL PARTY SECRETARY. END NOTE.) PENG AND LI ARRIVED SEPARATELY IN LATE 2003, SEVERAL MONTHS AFTER THE FIRST JULY 1 DEMONSTRATION. AT THE TIME, SEVERAL ANALYSTS PREDICTED THAT GAO WOULD BE FORCED TO TAKE RESPONSIBILITY FOR CGLOS MISREADING OF PUBLIC CONCERN OVER ARTICLE 23 LEGISLATION AND WOULD LIKELY BE REPLACED BY PENG OR LI. HOWEVER, THIS LEADERSHIP SHUFFLE NEVER MATERIALIZED, GAO HAS NOW BEEN THE CGLO DIRECTOR FOR FOUR YEARS, AND HE ALSO IS TWO YEARS PAST THE OFFICIAL -- BUT NOT NECESSARILY ENFORCED -- RETIREMENT AGE FOR MAINLAND OFFICIALS.

¶3. (C) VETERAN CHINA ANALYST JOHNNY LAU TOLD POLOFF ON AUGUST 2 THAT GAO'S REPLACEMENT BY CAI DONGSHI WAS MERELY SPECULATION AT THIS STAGE, BUT SAID IT WAS "QUITE POSSIBLE" THAT GAO WOULD BE RETIRING SOON. ACCORDING TO LAU, DEPUTY DIRECTOR PENG WAS STILL THE "MOST POSSIBLE" CANDIDATE FOR THE DIRECTOR POSITION. HE DID NOT BELIEVE THAT BEIJING HAD MADE UP ITS MIND YET AND WARNED THAT THE CENTRAL GOVERNMENT COULD STILL "CHANGE ITS MIND UP TO THE LAST MINUTE" BEFORE MAKING THEIR OFFICIAL ANNOUNCEMENT.
SAKAUE